
The financial data presented in this section represent the Financial Summary and a written Overview of the revenues and expenses for all of City of Memphis Funds. Figures are rounded to the nearest dollar. Some totals may be off due to rounding.

BUDGET OVERVIEW

	FY 2016 Actual	FY 2017 Adopted	FY 2017 Forecast	FY 2018 Request
Revenue:				
Local Taxes	\$ 438,611,385	\$ 441,868,104	\$ 440,356,394	\$ 450,662,962
State Taxes	69,327,565	83,875,000	69,319,175	68,010,000
Licenses and Permits	13,171,978	12,488,033	12,904,957	13,494,465
Fines and Forfeitures	16,633,286	18,188,368	12,859,352	15,161,000
Charges for Services	34,755,006	33,468,639	31,756,666	33,801,535
Use of Money and Property	890,741	335,000	225,698	335,000
Federal Grants	523,985	-	697,654	300,000
State Grants	1,282,898	1,630,362	1,663,558	1,630,362
Intergovernmental Revenues	5,995,725	6,409,377	9,409,377	8,543,149
Other Revenues	10,712,436	7,162,116	9,189,774	7,704,478
Transfers In	59,357,333	62,000,000	65,643,964	66,638,000
Contribution from Fund Balance	-	-	-	2,400,000
Total Revenues	\$ 651,262,338	\$ 667,424,999	\$ 654,026,569	\$ 668,680,951
Expenditures:				
Personnel Services	\$ 451,553,317	\$ 471,609,780	\$ 465,973,501	\$ 482,130,193
Material and Supplies	108,627,378	123,378,258	140,497,444	127,304,453
Capital Outlay	303,601	947,594	1,376,001	1,046,394
Grants and Subsidies	75,587,669	61,259,353	71,067,921	63,982,174
Inventory	334,523	285,687	307,820	379,591
Expense Recovery	(16,072,788)	-	(14,631,700)	(14,631,700)
Investment Fees	-	-	55,088	-
Service Charges	196,995	89,200	121,388	137,372
Transfers Out	18,774,637	9,724,061	9,676,921	8,270,955
Misc. Expense	35,211	-	-	-
Net Audit Adjustment	(1,185,205)	-	-	-
Contribution to Fund Balance	-	131,065	-	61,519
Sub-Total Expenditures	638,155,338	667,293,933	674,457,724	668,680,951
Less Encumbrances			23,489,000	
Total Expenditures	\$ 638,155,338	\$ 667,424,998	\$ 650,968,724	\$ 668,680,951
Net change in Fund Balance	\$ 13,107,000	\$ 131,066	\$ 3,057,845	\$ (2,338,481)

	FY 2016 Actual	FY 2017 Adopted	FY 2017 Forecast	FY 2018 Request
Fund Balance Beginning of Year	132,266	145,373	145,373	148,430
Fund Balance End of Year	145,373	145,504	148,430	146,092



Budget Overview

The overall goal for the City of Memphis is to ensure that City services stimulate business success and enhance the standard of living for all Memphians. The City of Memphis's Fiscal Year 2018 (FY18) budget encompasses the General Fund and Debt Funds, which are largely dependent on local property tax revenues; Enterprise Funds, which are supported by user fees; Special Revenue Funds; and Internal Revenue Funds. All of these funds work in tandem to serve the citizens of Memphis. The FY18 budgets across all funds incorporate a balanced approach of expense control and revenue planning and reflect the environment of local economic priorities. While Public safety remains the highest priority, the budget funds other priorities that will promote economic development, consolidate functionally and balance fees versus taxes in the government.

General Fund Discussion

The proposed FY18 general fund budget is \$668.7m. It must be noted however, that the \$668.7m FY18 budget incorporates an expense recovery of \$16.4m. This expense recovery (formally accounted as revenue) is an accounting change that was not included in the FY17 adopted budget. Therefore it appears that the FY18 budget grew by \$1.2 M when compared with the adopted FY17 budget. When the FY18 budget is stated on a method consistent with FY17 the revenue increase is \$17.6 million or 2.6%, and the expense growth is \$15.8 million or 2.3% expense increase.

Being brilliant at the basics required an aggressive approach to budget for expenditures that are within the means of our current tax rate. Natural revenue growth and careful expense planning has allowed for the funding of the City's needs and priorities. The FY18 budget has allocated resources to bring spending increases to Police, Youth, Libraries and Parks while maintaining the same funding to blight, and public transportation. The City will pay 88% across all funds that contribute to the pension annual required contribution (ARC). This is 6% above the required 83.2%

Public safety, which encompasses our Police and Fire Divisions, is as always, a top priority. Safe neighborhoods create vibrant neighborhoods. It takes government, community partnerships, and citizen participation to create sustainable strategies to make our city and its communities safe. As several communities continue to donate sky cameras to the City of Memphis, the city has also increased funding for the Police division to recruit and ensure the maintenance of a work force at effective staffing levels. The Police Division is budgeting to increase staffing by more than 50 officers and 70 Public Service Technician (PSTs) to make communities safer. Also overtime cost will be increased by \$6.0 M over last year's budget. This will help to effectively increase staffing in the areas of high crime.

Investments to create a vibrant community and engage our youth are represented in this budget through additional funding, public transportation and community grants. This budget continues funding at \$3.0m to fight blight. For youth jobs programs, and an expansion of Library hours the budget has been increased by \$150K and \$475K respectively.

BUDGET OVERVIEW

Other divisions receiving additional funding include Parks which will add additional emphasis on the Park maintenance, golf courses and swimming pools. Public Works which added over \$500K for Hospitality Hub (a program that puts the homeless to work), and Clean Path (blight) initiatives; Information Technology (IT) which is including additional funding to maintain technology initiatives with Office 365 and other technology updates.

REVENUES

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
General Fund - New Budgeting Plan	\$ 667,424,999	\$ 668,680,951	\$ 1,255,952
General Fund - Same Basis as FY17 Budget	\$ 667,424,999	\$ 685,080,951	\$ 17,655,952

Notable FY2018 Budget Revenue Changes:

- ❖ \$ 1.0 million - Ad Valorem Taxes
- ❖ \$ 4.0 million - Local Sales Taxes
- ❖ \$.5 million - Beer Sales Taxes
- ❖ \$ 1.0 million - Mix Drink Tax
- ❖ \$ 2.5 million - Gross Receipts Business Tax
- ❖ \$ 2.5 million - State Sales Tax
- ❖ \$ 1.0 million - Auto Registration Fees
- ❖ \$.9 million - Court Fees/Court Costs
- ❖ \$.5 million - In Lieu of Taxes-Sewer
- ❖ \$ 2.0 million - MATA
- ❖ \$.5 million - Utility Warranty Program
- ❖ \$ 3.5 million - MLGW PILOT
- ❖ \$ 1.0 million - Unemployment
- ❖ \$ 2.4 million - Use of Fund Balance for Property Appraisal
- ❖ \$ (1.0) million - PILOT
- ❖ \$ (2.0) million - State Income Tax (Hall Tax)
- ❖ \$ (2.0) million - Fines & Forfeitures
- ❖ \$ (.5) million - Debt Fund Transfer In

EXPENDITURES

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
General Fund - New Budgeting Plan	\$ 667,424,999	\$ 668,680,951	\$ 1,255,952
General Fund - Same Basis as FY17 Budget	\$ 667,424,999	\$ 683,312,651	\$ 15,887,652



Notable FY18 Expenditure Changes:

- ❖ \$ 10.0 million - FY17 COLA
- ❖ \$ 3.9 million - Overtime
- ❖ \$ 1.2 million - Outside Computer Services
- ❖ \$.9 million - Pers Computer Software
- ❖ \$.4 million - Legal Services/Court Cost
- ❖ \$.4 million - Security
- ❖ \$ 3.4 million - Professional Services
- ❖ \$.9 million - Insurance
- ❖ \$.4 million - Sec 108 Loans
- ❖ \$ 1.8 million - Shelby County Assessor
- ❖ \$.6 million - Community Initiative Grants
- ❖ \$.5 million - Ambassadors Fellowship
- ❖ \$.8 million - Library Pension
- ❖ \$ (4.0) million - Benefits Adjustments/Payroll Reserve
- ❖ \$ (.7) million - Health Insurance
- ❖ \$ (.5) million - Advertising
- ❖ \$ (.5) million - Demolitions
- ❖ \$ (.9) million - City Shop Fuel
- ❖ \$ (.6) million - Utilities
- ❖ \$ (1.4) million - Other Misc. Reductions

Other Funds Discussion***Debt Service Fund***

The Debt Service Fund provides for the accumulation of resources for the payment of general long-term debt principal, interest and related costs. This fund uses approximately 32% of the property tax rate and 7% of the local sales tax rate. Expenses for FY18 are budgeted to be slightly less than the FY17 adopted budget and a positive contribution to the debt fund balance is expected.

DEBT FUND

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
Debt Fund Expenses	\$ 162,272,415	\$ 161,484,410	\$ (788,005)

Enterprise Funds

Enterprise Funds account for the acquisition, operation and maintenance of the City's facilities.

BUDGET OVERVIEW

The Sewer Fund and the Storm Water fund are the City's Enterprise Funds. The Sewer Fund expenses are budgeted to increase by 6% or \$5.3m over the FY17 budget. While the current fund balance is positive a request to increase rates for FY18 is proposed to pay for required consent decree repair corrections. The Storm Water Fund expenses will increase by \$500k. A rate increase is also proposed for this fund to pay for its capital requirements as well.

ENTERPRISE FUND

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
Sewer Treatment Expenses	\$ 87,881,635	\$ 93,233,694	\$ 5,352,059
Storm Water Expenses	\$ 23,844,591	\$ 24,399,505	\$ 554,914
	\$ 111,726,226	\$ 117,633,199	\$ 5,906,973

Internal Service Funds

Internal Service Funds (ISF) are used to budget for the costs of goods or services provided by one division to other City divisions. These costs are reimbursed by General Fund to the ISF providing the service. Healthcare, Unemployment and Fleet represent the Internal Service Funds in the FY18 budget. The Health Fund expenses will increase by 11% or \$8.5m. Included in expenses is a \$6.8m transfer to the OPEB fund. The Fleet Fund is planned to have \$2.1m lower expenses in FY18 vs FY17's adopted budget. This fund has continually moved to being more efficient in the provision of repair services to other divisions and lower gas prices are also reflected in the FY18 budget planning. The Unemployment Fund has a healthy and accumulating fund balance. As a result, this fund will transfer \$1.0m to the General Fund.

INTERNAL SERVICE FUND

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
Health Care Fund Expenses	\$ 75,174,655	\$ 83,706,458	\$ 8,531,803
Fleet Mgmt. Expenses	\$ 24,973,090	\$ 22,866,864	\$ (2,106,226)
Unemployment Expense	\$ 350,000	\$ 1,200,000	\$ 850,000
	\$ 100,497,745	\$ 107,773,322	\$ 7,275,577

Special Revenue Funds

Special Revenue funds provide budgets for specific revenue sources that are restricted to expenditures for specific purposes. There are eight Special Revenue Funds represented in the FY18 budget. The most notable is Solid Waste (SW) which is budgeted at \$60.9m. This is a 3.2% or \$1.9m increase over the FY17 budget. A rate increase is also requested for the SW fund to the growing cost of SW operations. As budgeted the fund will use \$2.3m of its fund balance. Other special revenue funds and their budgeted FY18 expense are identified in the pages following this overview.

BUDGET OVERVIEW

SPECIAL REVENUE FUND

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
State Street Aid Expenses	\$ -	\$ 16,400,000	\$ 16,400,000
Solid Waste Expenses	\$ 59,012,898	\$ 60,920,780	\$ 1,907,882
Drug Enforcement Fund Expenses	\$ 4,100,800	\$ 3,752,875	\$ (347,925)
Metro Alarm Fund Expenses	\$ 466,578	\$ 598,332	\$ 131,754
Park Special Services Fund	\$ 166,752	\$ 166,752	\$ -
Hotel/Motel Occupancy Tax Fund Expenses	\$ 12,362,589	\$ 16,508,600	\$ 4,146,011
New Memphis Arena Expenses	\$ 8,787,564	\$ 12,217,200	\$ 3,429,636
Electronic Traffic Citations	\$ -	\$ 250,000	\$ 250,000
	\$ 84,897,181	\$ 110,814,539	\$ 25,917,358

Fiduciary Fund Discussion

Other Post-Employment Benefits (OPEB) is the only budgeted Fiduciary Fund. This fund pays for the healthcare of the City's retirees. It is planned for a \$6.3m expense decrease in FY18's budget. Although expenses will be lower a contribution for the HealthCare Fund is required to balance the OPEB Fund. The City is yet transitioning some retirees to the various insurance exchanges therefore expected performance of this fund could vary widely from budgetary expectations.

FIDUCIARY FUND

Fund Type	FY2017 ADOPTED	FY2018 PROPOSED	Inc./ Dec
OPEB Fund Expenses	\$ 26,276,256	\$ 19,895,545	\$ (6,380,711)

